



**Conceptual Proposal
Virginia Public-Private Transportation Act**

**Submitted to the
Virginia Department of Transportation**

October 28, 2005



Table of Contents

Team Contact Information

Public Entities List

Freedom of Information Act Letters

Executive Summary

Section 1 – Qualifications and Experience

Section 2- Project Characteristics

Section 3 – Project Financing

Section 4 – Public Support

Section 5 – Public Benefit

Appendix A – Team Member Financials (Includes Confidential Information)

Inquiries regarding the Dulles Express proposal should be directed to:

Mr. Franklin L. Haney, Jr.
Vice President
Franklin L. Haney Company, LLC
1250 Maryland Avenue, SW
CY60
Washington, DC 20024
Office: (202) 479-1101
Fax: (202) 479-1106
fhaney8088@aol.com

Copies of the proposal have been submitted to the following entities (for delivery on October 31, 2005):

Mr. Anthony H Griffin
County Executive
Fairfax County
1200 Government Center Parkway
Fairfax, Virginia 22035

Mr. Kirby M. Bowers
County Administrator
Loudoun County
1 Harrison Street, S.E.
Leesburg, Virginia 20175

Mr. Jim Bennett
Executive Director
Metropolitan Washington Airports Authority
1 Aviation Circle
Washington, D.C. 20001-6000

Mr. Steve Owen
Town Manager
Town of Herndon, Virginia
777 Lynn Street
Herndon, Virginia 20170-6800

Mr. Ron Kirby
Director, Transportation Planning
Transportation Planning Board
Washington Metropolitan Council of Governments
Suite 300
777 North Capitol Street, NE
Washington, D.C. 20002

Mr. Richard White
General Manager and Chief Executive Officer
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, D.C. 20001

Ms. Karen Rae
Executive Director
Virginia Department of Rail and Public Transportation
1313 East Main Street
Richmond, Virginia 23219

McGuireWoods Consulting LLC
One James Center
911 East Cary Street
Richmond, VA 23219-4530
Phone: 804.775.1900
Fax: 804.775.1961
www.mwllc.com

Christopher D. Lloyd
Direct: 804.775.1902

McGUIREWOODS
CONSULTING

clloyd@mcwllc.com
Direct Fax: 804.775.1911

October 24, 2005

Mr. Malcolm T. Kerley, P.E.
Chief Engineer for Program Development
Virginia Department of Transportation
1401 East Broad Street
Richmond, Virginia 23219

Dear Mal:

I am writing on behalf of the Dulles Express team, a consortium including the Franklin Haney Company, the Louis Berger Group, Cofiroute USA, Infrastructure Corporation of America, and others, regarding our plan to submit a competing unsolicited proposal related to the Dulles Toll Road pursuant to the Public Private Partnership Act of 1995.

We are respectfully requesting that Tabs 3A, 3B, 3C, and 3E of our conceptual proposal be withheld from public disclosure under the Freedom of Information Act because they contain confidential, proprietary information regarding the conceptual finance plan and that the release of such information would materially and adversely impact the negotiating positions of the Dulles Express team and the Commonwealth. We are not requesting any funds or other resources from local, state, or the federal governments and will make this position clear in other sections of the conceptual proposal. We are also asking that the audited financial information for privately held members of the Dulles Express team be withheld from disclosure.

Please provide me your written acceptance of this request and any conditions that may be imposed upon it.

Thank you for your consideration of this request. We are excited about our innovative proposal and look forward to working with all stakeholders to make this project a success.

With best wishes, I am

Sincerely,

SIGNATURE ON FILE

Christopher D. Lloyd



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION
1801 EAST BROAD STREET
RICHMOND, VIRGINIA 23219-2000

GREGORY A. WHIRLEY
ACTING COMMISSIONER

October 25, 2005

Mr. Christopher D. Lloyd
McGuireWoods Consulting LLC
One James Center
901 East Cary Street
Richmond, Virginia 23219-4030

Re: Conceptual Proposal of the Dulles Express Team PPTA
Confidential Request

Dear Mr. Lloyd:

Regarding your request that certain information submitted as part of the above referenced conceptual proposal be treated as confidential and proprietary as stated in your letter of October 24, 2005, I am granting your request, in accordance with the applicable statutes governing such matters (Section 2.2-3705.6 of the Code of Virginia), that Tabs 3A, 3B, 3C, and 3E be held confidential and proprietary subject to the following:

- The official submittal that will be available to the public clearly defines and identifies the use of all public funds and other financial commitments of the Commonwealth.
- Upon a detailed review of your total proposal, the Department reserves the right to rescind all or part of this exemption. Before the Department exercises this option, you will be afforded an opportunity to discuss this decision with us.

Sincerely,

SIGNATURE ON FILE

Malcolm T. Kerley, P.E.
Chief Engineer

Copy: Gregory A. Whirley, Sr.
Ms. Barbara W. Reese

VirginiaDOT.org
WE KEEP VIRGINIA MOVING

APPENDIX C

DISCLOSURE AGREEMENT/CERTIFICATION FORM

This completed form must accompany all proposals submitted under the provisions of the Public-Private Transportation Act (PPTA). If omitted, the proposal will not be processed until the responsible public entity receives a completed form. A copy of this form will be included in the permanent file maintained by the Department for all proposals.

Freedom of Information Act:

- ☒ I (we) certify that I (am) we (are) familiar with the statute that that deals with the release of information submitted under the Freedom of Information Act (§ 2.2-3700 et seq.) as it relates to PPTA proposals, and will not hold the Commonwealth, any of its political subdivisions, agencies, or employees liable for the disclosure of all or part of a PPTA proposal. I (we) understand that if a FOIA request is made for confidential records in a proposal:
- Public Entity will attempt to contact the proposer to allow a claim for exemption to be made pursuant to the Code of Virginia;
 - Public Entity will determine whether the exemption has been properly claimed; and
 - Public Entity will attempt to provide advance notice to the proposer if the requested records are disclosed.¹

Communication:

- ☒ I (we) agree to limit all communications within the Executive Branch, including advocacy efforts, to the individuals or entities designated in these guidelines and/or any solicitation documents. The goal of this condition is to ensure the integrity of the development, evaluation and negotiation process.

Debt Issues:

This proposal does ☐ does not ☒ require the creation of state-supported debt.

- ☐ If the proposal does require state-supported debt, I (we) understand that procedures established by the General Assembly, Governor, Department of the Treasury, and the Department of Planning and Budget must be followed.

¹ Prior to submission of a proposal, proposers may make written request to the Department for a meeting to identify and justify status of proposed confidential documents; make an oral presentation to Department; and follow similar procedure with affected local jurisdictions to determine if FOIA exemptions apply. The public entity will notify the proposer of the decision.

Environmental Requirements: ☒ I (we) understand that the proposal must comply with all applicable state and/or federal laws and regulations concerning the environment, and agree to follow any procedures to implement them.

Oral Presentations (at option of the Department):

☒ I (we) understand that one or more oral presentations to explain details of the project may be required.

SIGNATURE ON FILE

Signature of Proposer
President

Title
Dulles Express, LLC

Company/Consortium

Signature of Proposer

Title

Company/Consortium

Received by: _____
Name and Title Date

Proposal Identification Number: _____

Dulles Express Executive Summary

Introduction

The Dulles Express proposal is an innovative approach to addressing many of the transportation needs of the Dulles Corridor that results in a benefit to the Commonwealth of nearly \$5.7 billion.

The Dulles Toll Road is among the most valuable, and heavily used, transportation assets in the Commonwealth. It is a vital part of the transportation network in Northern Virginia, and its role in serving Dulles International Airport is the foundation for the economy in the region. Yet the Dulles Toll Road is threatened by growing congestion. Typically, toll roads are far less congested alternatives to other free roads. When it initially opened, the Dulles Toll Road served that role, providing commuters with a less congested alternative to Route 7 or Interstate 66. That is no longer the case. For many hours during the day, the Dulles Toll Road experiences significant backups, many of which have nothing to do with the slowdown to pay the toll at ramps or the mainline plaza. That is why a plan that merely makes paying the toll easier does little to improve the experience on the Dulles Toll Road. Instead, additional capacity is needed on the road to deal with current and future traffic.

The Dulles Express team has the solution to that problem. Our plan delivers a number of significant benefits to the region by making various improvements to the Dulles Toll Road and providing funding for other improvements along the corridor and in the general area. Specifically, the Dulles Express proposal provides the following benefits:

- The construction of two Toll Express lanes in each direction of the Dulles Toll Road. The construction will be paid for through a contribution of private equity/subordinated debt raised by Dulles Express LLC and represents a significant, at-risk investment in the project.
- Payment to the Commonwealth of \$267 million to cover its outstanding obligation for Phase 1 of the extension of Metrorail through Tysons Corner to Wiehle Avenue in Fairfax County.
- Pay off outstanding debts on the Dulles Toll Road held by the Commonwealth and Fairfax County, freeing this debt capacity to be used on other transportation priorities. Creates a trust fund for other state obligations.
- A cash payment to the Commonwealth amounting to hundreds of millions of dollars upon financial close as a concession fee. Some portion of these funds would be reinvested in improvements to the Dulles Toll Road, but the vast majority would be available to support other transportation projects in the Dulles Corridor including Route 28, Route 7, Route 606 improvements in Loudoun County, and Interstate 66.

- Assumption of all routine maintenance expenses for the Dulles Toll Road, the Dulles Airport Access Road, and the Toll Express Lanes during the term of the concession.
- Assumption of all operating expenses for the concession term for the Dulles Toll Road, the Dulles Airport Access Road, and the Toll Express Lanes, including funds for toll collection and Virginia State Police Enforcement.
- Funding for rehabilitative maintenance at regular intervals for the Dulles Toll Road, the Dulles Airport Access Road, and the Toll Express lanes including pavement overlay, sign replacements, and upkeep of toll facilities.
- Provision for up to \$450 million for the state share of the Phase 2 extension of Metrorail to Dulles and into eastern Loudoun County.

The Dulles Express proposal offers many benefits to the Commonwealth above and beyond the \$5.7 billion value of these improvements. These benefits include:

- Reduced congestion in the Dulles Corridor, thus improving quality of life and promoting economic development opportunities in Fairfax and Loudoun Counties.
- Enhancing access to Dulles International Airport, an engine of economic growth for all of Northern Virginia that is threatened by growing traffic congestion.
- Direct private equity/subordinated debt investment in the project by the private sector in the spirit of the Public Private Transportation Act.
- Frees up state and local debt capacity to be used on other transportation priorities in Northern Virginia.
- Frees up debt capacity for the Metropolitan Washington Airports Authority which would have been allocated towards road improvements absent this plan and which now can be used to further enhance the airports.
- Full assurance that the state's share of funds for the extension of Metrorail will be available when needed.

Dulles Express Team

To develop a project of this magnitude takes a team with significant project development expertise and the knowledge to make the many parts work together. The Dulles Express team meets that requirement. Led by the Haney family, which currently owns 43% of the Dulles Greenway and has numerous real estate investments in the Washington D.C. area and across the county, the team includes industry leaders in design and engineering, maintenance, toll operations and equipment, and finance.

Members of the team and their role in the Dulles Express proposal are:

The Franklin L. Haney Company, LLC is the development affiliate of the Haney Family LLC and the Haney family, and will provide overall development services and coordination of the other team members as well as structuring the financing for Dulles Express LLC.

The Louis Berger Group will provide design, engineering, and environmental consulting and construction management for the project.

Cofiroute USA will serve as the operator of the facility and be responsible for all toll operations, collections, and administration.

Infrastructure Corporation of America will be responsible for all fence to fence asset management of the entire Dulles Toll Road facility, including the new Toll Express lanes and the Dulles Airport Access Road.

TransCore will be providing tolling equipment and project management expertise related to the development and installation of the toll equipment and operations for the project.

Merrill Lynch has agreed to serve as an underwriter for any debt issued as part of the project and as a financial advisor to Dulles Express LLC. Dulles Express may also work with other firms on underwriting and debt placement to ensure competitive rates and the appropriate deal structure similar to the broad-based relationship fostered through recent Dulles Greenway transactions.

McGuireWoods Consulting will assist with government relations and community outreach on behalf of the Dulles Express team.

At this time, the team intends to use competitive sealed bid practices for all construction activities related to the project.

Project Financing

The Dulles Express project does not rely on any increases in tolls on the Dulles Toll Road beyond those implemented in May 2005 and those contemplated in 2010 by the Commonwealth Transportation Board when it decided to dedicate surplus toll revenues from the road to pay the state's share of the cost to extend Metrorail to Dulles International Airport.

The Toll Express lanes which would be built adjacent to the Dulles Toll Road would have a higher toll – most likely in line with anticipated toll rates on the Dulles Greenway when the Toll Express lanes open in 2010 – but would be managed to ensure congestion free conditions for its users.

The Dulles Express team proposes that the Commonwealth grant it a 50 year concession to operate and maintain the Dulles Toll Road which includes assumption of all expenses

for the road during that time. The Dulles Express team would collect all tolls and use them to support the construction, operations, and maintenance expenses of the project as well as provide a reasonable rate of return for investors in the debt issued and private equity contributed to the project.

Funds for the project would come from a combination of debt backed by toll revenues and a private equity/subordinated debt contribution by the Dulles Express LLC. The bond proceeds would be used to cover the Metrorail funding, pay off state and local debt obligations related to the Dulles Toll Road, and provide funding for the cash payment to the Commonwealth to be used for other transportation priorities. The private equity/subordinated debt contribution will be used to pay for the construction of the Toll Express lanes. On-going project expenses, including all maintenance and operating expenses, will be paid from project revenues. All together, this represents a benefit to the Commonwealth of nearly \$5.7 billion over the term of the 50 year concession.